

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 06/30/2014

POSITION: Oppose

SPONSOR: Health Access California/Western Center on Law
and Poverty

BILL NUMBER: SB 18

AUTHOR: Hernandez, Ed

BILL SUMMARY: Medi-Cal renewal.

This bill requires the Department of Health Care Services (DHCS) to accept grant funds of at least \$6 million from a private foundation to compensate community-based organizations for providing Medi-Cal eligibility renewal assistance to Medi-Cal beneficiaries, beginning January 1, 2015. This bill authorizes DHCS to use up to \$500,000 in private foundation contributions to administer the activities funded by this bill and requires DHCS to immediately seek an equal amount of federal matching funds for this purpose. Lastly, the bill requires DHCS to jointly develop renewal assistance training for renewal assitors with the County Welfare Directors Association and legal services organizations.

FISCAL SUMMARY

This bill requires DHCS to accept at least \$6 million in private foundation grant funding and to seek an equal amount of federal matching funds for a total of \$12 million. While this proposal does not require General Fund to provide renewal assistance services, this proposal is expected to result in additional costs of \$4.7 million (\$2.2 million General Fund) in 2014-15 and \$14.1 million (\$6.5 million General Fund) in 2015-16, to reflect the costs of providing Medi-Cal benefits to beneficiaries who would have otherwise not renewed their eligibility.

This bill results in additional workload for DHCS to jointly develop training for renewal assitors and to provide policy guidance to implement the provisions of this bill. The estimated workload need is approximately 1.0 two-year limited-term position and \$100,000 (\$50,000 private foundation funding and \$50,000 Federal Trust Fund), beginning in 2014-15.

COMMENTS

The Department of Finance is opposed to this bill for the following reasons:

- This bill results in additional General Fund costs of approximately \$8.7 million and imposes additional workload on the department.
- The bill is unnecessary because counties currently provide assistance to Medi-Cal beneficiaries who are renewing their eligibility.
- In addition, federal health care reform has made simplifications to Medi-Cal renewals, further making this bill unnecessary.

This bill intends to leverage private contributions to maximize funding to help individuals renew their Medi-Cal eligibility through the use of renewal assitors. The author contends that due to the implementation of health care reform, renewing eligibilty will be more confusing for beneficiaries because their eligibility will now be primarily based on Modified Adjusted Gross Income (MAGI) standard. According to the author, counties would benefit from enrollment assitors, as counties are working through a significant backlog of

Analyst/Principal C. Quant	Date	Program Budget Manager Matt Paulin	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

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COMMENTS (continued)

applications for enrollment. However, it is unclear that MAGI rules have created confusion for beneficiaries since the rules were implemented in January 2014.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)								
	LA	(Dollars in Thousands)								
	CO	PROP							Fund	
	RV	98	FC	2013-2014		FC		2014-2015	FC	2015-2016
4260/Hlth Care	SO	No	A	--	A	50	A	50	0942	
4260/Hlth Care	SO	No	A	--	A	50	A	50	0890	
4260/Hlth Care	LA	No	A	--	C	2,200	C	6,500	0001	
4260/Hlth Care	LA	No	A	--	C	2,500	C	7,600	0890	
4260/Hlth Care	LA	No	A	--	A	1,500	A	4,500	0942	
4260/Hlth Care	LA	No	A	--	A	1,500	A	4,500	0890	
<u>Fund Code</u>		<u>Title</u>								
0001		General Fund								
0890		Trust Fund, Federal								
0942		Special Deposit Fund								